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October 1, 1981

TO: H - Mr. Fairbanks (S/S-8128555)
S/P - Mr. Wolfowitz (S/S-8128556)
PM - Mr. Burt (S/S-8128557)
NEA - Ambassador Veliotes (S/S-8128558)

FROM: S/S - Al Adams

SUBJECT: Secretary's Second Appearance on AWACS before SFRC

The Secretary tentatively is scheduling a second appearance on AWACS before the Senate Foreign Relations Committee (SFRC) Monday, October 5.

In connection with this appearance, H should urgently obtain a copy of the Secretary's closed October 1 transcript from the SFRC and forward it to PM (Blackwill) by mid-day Friday, October 2.

PM should review the transcript with a view to identifying new questions to be addressed in a revised set of Q/A, as well as existing Q's which need to be revised. PM, clearing with S/P, NEA, T and C, should draft a revised set of Q/As for the second appearance, submitting the final product to S/S-S by noon Saturday, October 3.

Attached is a transcript of the open session of October 1. PM should also urgently review this portion of the testimony and begin revision of the Q & A's.

NSA

DEPARTMENT OF STATE
TESTIMONY OF
THE HONORABLE ALEXANDER HAIG
SECRETARY OF STATE
BEFORE
SENATE FOREIGN RELATIONS COMMITTEE
OPEN SESSION

THURSDAY, OCTOBER 1, 1981

CHAIRMAN PERCY: In opening this hearing of the Foreign Relations Committee, I wish to explain the necessary delay in beginning the public session, necessitated by the length of the closed session that the Senators had with the Secretary of State this morning. We regret this delay, but it seemed essential that we have that opportunity to question the Secretary in closed session.

It was also necessitated by an event that occurred at approximately midnight, Washington time, when jets from Iran made a raid upon and bombed and set afire an oil storage depot just north of Kuwait City in the County of Kuwait, one of the largest oil producers in the world, which certainly symbolized and dramatized that the perceived threat potentially to Saudi Arabia, whose oil is absolutely essential to the United States and the Western World, is a real threat and must be taken into account. And I could not imagine, from a personal standpoint, that that raid would not have been detected by AWACS.

We open this public hearing on the proposed arms sales to Saudi Arabia to question as our first witness the Secretary of State. He will have the responsibility today of making the case for the Administration and will be followed by Secretary Weinberger and by General Jones, the Chairman of the Joint Chiefs of Staff. This testimony will continue until sometime after 2:00 o'clock. We've tentatively rescheduled Secretary Weinberger for about 2:30. We'll keep him advised as to how we're proceeding.

Our deliberations and decisions on the Saudi arms package proposal are very important to this country, to our security relationships in the Persian Gulf region, and to our relationships with all the nations of the Middle East. It is a major initiative of the Reagan Administration. It is essential that we have a fair and comprehensive hearing, and we will. I trust that we will discuss the many factors involved with our usual comity and mutual understanding, taking into account that there are and will be sharp differences of opinion held, all by people who deeply believe in the security interests of this country, and who are per-

severing to protect but also have in mind the security interests of Israel and Saudi Arabia.

Among the questions that we must examine with all objectivity that we can muster are these: Would the sales serve our national security interests in the Persian Gulf region? What would be the impact of the sales on Saudi Arabian and Israeli-Arabian relations? How would the sales affect U.S. power and prestige in the Middle East? Would the sale pose any real threat to Israel or all to the Arab-Israeli military balance in any significant way? What are the possibilities that this sophisticated equipment might fall into unfriendly hands?

The hearings before this Committee will continue on October 5, 6 and 7 with testimony from experts, public witnesses, members of Congress, and former government officials. In my judgment there is no decision that the members of this Committee will be called upon to make that will be more important that this decision. It is a decision that there is a tendency to have a great deal of emotion in it. If ever a man was endowed by God with rationality, this is where rationality must overcome emotion, and reason must be exercised and used by all of us.

I think this is the approach the Administration has taken. This is the second Administration that has come to this conclusion. The Carter Administration did and the Reagan Administration has done so, and we welcome you, Mr. Secretary, to us. I ask Senator Pell if he has any opening comment.

SENATOR PELL: I do and thank you, Mr. Chairman. The Administration and the majority of the Congress are now in what could be called unnecessary contentions as a result of the proposed sale of AWACS and the F-15 enhancement package. Speaking personally, I regret that this matter has become such an issue. As the Secretary is aware, I and the majority of the members of the Senate have gone on record in opposition to this sale.

Perhaps earlier consultation with Congress by the preceding Administration and this Administration might have served to prevent the present impasse. Whatever the Administration's original consideration, the central issue now in my view is a matter of Saudi pride. Yet this is far too important a matter to be decided for reasons of pride as a litmus test of the depth of American-Saudi friendship.

Three aspects are of particular concern to me. For some time I've taken the position there's a genuine security risk in transferring sensitive, high-technology items to an unstable area of the world. I felt this way when the similar proposal was made by the preceding Administration four years ago to make AWACS available to Iran.

Although certain items of equipment would be deleted on this AWACS, an AWACS would still be very valuable to our adversaries if compromised. More serious is the danger of security compromise with the sale of advanced Sidewinder missiles. This problem was highlighted earlier this year by 12 Air Force pilots in a letter to Representative Lantos of California. I would ask you now, Mr. Chairman, to insert it in the record at this point.

CHAIRMAN PERCY: It will be so done, and Secretary Haig --

SENATOR PELL: I'm have not finished.

CHAIRMAN PERCY: I'm sorry.

SENATOR PELL: Without effective controls, the sale of AWACS and the F-15 enhancement package constitute a clear threat to Israel. I do not believe effective control is possible. We must not confuse undestandings with effective control. We simply cannot place our reliance on understandings since it is unrealistic to expect a sovereign such as Saudi Arabia to commit itself irrevocably to restrictions on the use of U.S.-supplied equipment.

We must remember, too, that the Saudis consider Israel an adversary. As Sheik Yamani said on April 19, "We believe that the Soviets are a threat, but we believe that the Israelis are a threat much greater than the Soviet threat." I remain convinced that inevitably the sale would generate increased requests from Israel, thus leading to a needless and costly arms fire on the Middle East. If this package goes to Saudi Arabia, the Israelis understandably will want to take steps to counter the increased threat, whether that involves additional fighter aircraft or other equipment. This equipment in turn increased therein an Iraqi interest in obtaining additional equipment from the Soviets. In addition, it could increase Egyptian desires for speeded up arms supplies. Neither we nor the nations involved would benefit, and a terrible price would be paid if such a buildup helped bring on renewed conflict. As far

as the AWACS is concerned, I personally would not be satisfied with any arrangement which gives the United States less than total control of those planes flying in Saudi Arabia. The present arrangement works well and there's no satisfactory substitute. And I would add, I'm even more concerned with the tankers and the F-15 enhancement package than the AWACS. With the conformal fuel tanks and the tankers all of Israel would certainly be within attack range of Saudi Arabia.

The Sidewinder missile would dramatically increase the offensive potential of the F-15s. The greatest service we can perform now is to move away from providing additional, unneeded arms in this part of the world and give first priority of the achievement of a comprehensive settlement in the Middle East, recognizing the just aspirations of Palestinians and Israelis.

MEMBER: Mr. Chairman, I know it's the usual practice for no opening statements, but in light of the fact we've been in a meeting for some time, would I be permitted, 60 seconds to make a 60-second opening statement? Unless Senator Helms is prepared to go.

CHAIRMAN PERCY: I think Senator Glenn has a statement that he would like to put in the record, but will briefly summarize it.

SENATOR BIDEN: Mr. Chairman, I just want to make -- there's a great deal to say about this, but I want to raise three points from the perspective of this Senator how I look at this. I think there's only one question, and that question is U.S. security. Not Israeli security, not Saudi security, not anybody else's security, just U.S. security.

If it were in U.S. interests and not in Israel's interests, if it were U.S. interests and not in Saudi Arabia's interests, I would have no reluctance to go either way as long as it's in U.S. interests.

Secondly, I don't think there is any winner here. I'm afraid we're into a situation where we are limiting damage. I must acknowledge, as I did in private and I'll do it publicly with the Secretary, that if in fact those of us who have sponsored, or co-sponsored or signed on to the resolution of disapproval of this sale were to prevail, the United States is still hurt. The United States will in fact have some damage because it will strain relations with Saudi Arabia.

My position is that if we go forward with the sale, the damage to U.S. interests will be much greater than to go forward.

And the third point I'd like to make is that although there has been a great deal of attention and focus, as it should be, on the AWACS, that is not the only part of this package. Back in February when the only part of the package that we knew of at the time was the F-15 enhancement package, I initiated a letter, along with many of my coleagues who signed on, to let the Administration know we were deeply concerned about that. And I just want to make it clear that during this hearing and in future hearings and on the floor of the Senate, I, like Senator Pell and many of you at this table, will be equally interested in the AIM911 missile and the entire enhancement package of the F-15.

I thank the Chairman for his time.

CHAIRMAN PERCY: Thank you, Senator Biden. Senator Helms, any comment from you?

SENATOR HELMS: No.

CHAIRMAN PERCY: Senator Glenn?

SENATOR GLENN: Thank you. I'll make short remarks and enter the rest of it in the record or summarize it very briefly. We're beginning consideration of this package today, which I consider to be one of the most important issues this Committee's had to face in some time.

Much is at stake. What we decide could put at risk vital U.S. and free world interests and also our hope for peace in the Middle East. I think it's that important. I'm sure we all agree on the seriousness of the matter, recognize the importance of our deliberations for our colleages in the full Senate.

In this regard, Mr. Chairman, I must compliment you on the thoroughness with which these hearings were planned. Your efforts, and those of the staff, have been excellent and are greatly appreciated.

In my view the current AWACS arrangements -- that is, U.S. aircraft with Saudis on board sharing the take, as it might be called, in intelligence and surveillance terms -- provides all concerned with the best possible military solution to a difficult security question.

If given the choice, I would much prefer to continue this arrangement, with whatever time guarantees are required. Instead, we're being asked to approve a plan that offers, at best, increased opportunities for the compromise of very sensitive U.S. technology and could result in a less capable system available to protect Saudi and U.S. interests in the region.

Moreover, a rejection of the plan will almost certainly lead to strains in U.S.-Saudi relations and possibly a reduced U.S. presence in the Middle East, and that's a poor choice. But the legislative process requires that we recommend approval or disapproval in the full Senate vote the request up or down within 30 legislative days of the formal Congressinal notification which starts today.

In my particular case, I have been asking AWACS questions for several months that I believe must be answered satisfactorily before the Senate will support the sale, and I believe this is a view that's shared by many of my colleagues. And these four questions I have been asking repeatedly are as follows:

Will there be adequate safeguards on all sensitive techologies, because it does affect our world-wide commitment to prosecute any combat satisfactorily, any air combat in other parts of the world?

Number two, will we receive written assurances concerning joint mission planning and crewing of the aircraft or some combination thereof that might be satisfactory?

Number three, will the AWACS, in order to provide the best protect for U.S. and Saudi security interests, be the most combat-capable AWACS possible? Not a down-rated version. And if the Saudis are dissatisfied with the aircraft or decide in the future that the agreements are unsatisfactory, will there be a buy-back provision so that we still have some control?

This airplane is capable of not only surveillance but of combat direction to a degree that is not incorporated in any other single aircraft. Even in NATO we have the Commanding General -- SACEUR, which the Secretary was in that position at one time -- we have the majority of crew members on the average over a period of time -- not every crew member on every flight, but 40% manning is done by Americans.

The future air conflicts, I feel, will be determined largely by the electronic measures, counter-measures, and even counter-counter-measures that can be brought to bear. So our overall world-wide interests become more important.

Having said that, the Saudi AWACS need is tremendous. I agree with that completely. They need surveillance, they need combat-controlled air direction -- it's a real need, both for the Saudis and for us. We could list all the threats which I have in more detail in the lengthy statement here, but their concerns are also our concerns because 20% of our oil comes from the Persian Gulf, 50% of Europe, and over 75% of Japan's oil, with Saudi Arabian oil accounting for approximately 60% of Persian Gulf totals. So disruption of that flow of oil from that Persian Gulf would be devastating to the industrial free world.

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SENATOR GLENN: Both detection and combat direction are needed, and if the Saudis do have to exercise their defense aircraft, I am sure that immediately after they scramble, we will have carrier aircraft also coming up to help provide air superiority.

We don't want them reporting into a less than the best control in that type situation that is so important to everyone.

So, the four proposals I have made, it seems to me, protect our sensitive equipment, it recognizes the surveillance and combat air direction needs that both we and the Saudis have in that part of the world, and I am still hopeful that we can work out something that will be satisfactory.

I would say to this point, however, my four questions have not been adequately answered yet.

Thank you.

SENATOR PERCY: Thank you, Senator Glenn.

Senator Mathias.

SENATOR MATHIAS: Thank you, Mr. Chairman. I think Senator Glenn's four questions are critical questions, but I don't think they are all the questions that the Senate is going to have to resolve in the course of this debate.

I believe that the Senate should be able to answer three broad questions at the level of national policy:

How does this transaction affect our strategic interests? This is more than just the sale of hardware. It will affect strategic interests, and I think we have to know how. Of course, that assumes a strategic policy for the Mid East of which this decision, whether it is either positive or negative, will be a component.

I think we have to answer the question of how this sale will enhance regional stability in the Mid East. How it will enhance our relations with the other nations in the area. And this, of course again, requires, Mr. Secretary, a definition of exactly what our strategy in the area is.

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I think we will have to answer the question of how the sale will improve the chances for an Arab-Israeli settlement. This relates the sale to the context of the Mid East peace process, of which it is going to be a part -- again, whether it is approved or rejected.

Mr. Chairman, I think the Committee has its hands full.

CHAIRMAN PERCY: Thank you, very much, Senator Mathias.

Senator Cranston.

SENATOR CRANSTON: I will just briefly say that I share the concerns expressed by other Senators just now, Senator Glenn and others, not only in regard to AWACS but in regard to the A9L missile, the F-15 enhancement, and other aspects of this proposed transaction.

I know that all of us here, and those watching and listening elsewhere want to hear from Secretary Haig, so I will say no more at this point.

CHAIRMAN PERCY: Thank you, very much, Senator Cranston.

Secretary Haig, this session will not be as long as your confirmation hearing. You may proceed, and we are delighted to have your testimony and welcome you, once again, before this Committee.

SECRETARY HAIG: Thank you, very much, Mr. Chairman.

Since we have already had some considerable exchange on this subject this morning, and since it is clearly a highly political issue, I would like to start out by summarizing what I discussed with you in more detail in Executive Session this morning.

[See text.]

INSERT TEXT OF SECRETARY'S SPEECH

As prepared

TESTIMONY BY
THE HONORABLE ALEXANDER M. HAIG, JR.
SECRETARY OF STATE

BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE
OPEN SESSION
OCTOBER 1, 1981

I WOULD LIKE TO START BY SUMMARIZING WHAT I DISCUSSED WITH YOU IN MORE DETAIL IN EXECUTIVE SESSION THIS MORNING.

FOR SEVERAL MONTHS WE HAVE BEEN WORKING WITH THE SAUDIS TO DEVELOP ARRANGEMENTS THAT WILL MEET THE CONCERNS THAT THE CONGRESS HAS EXPRESSED ABOUT THE PROPOSED ARMS SALES TO SAUDI ARABIA. THESE DISCUSSIONS HAVE NOW BEEN CONCLUDED. WE BELIEVE THAT THE RESULTING UNDERSTANDINGS WHICH WILL COME INTO EFFECT AFTER CONSUMMATION OF THE SALE WILL ENSURE THE SECURITY OF THE AWACS SYSTEM, AND THE DEGREE

OF CONTINUING U.S. PARTICIPATION IN SAUDI AWACS OPERATIONS THAT RESPOND TO THE FUNDAMENTAL CONCERNS ABOUT THE SALE THAT HAVE BEEN RAISED DURING THE COURSE OF OUR CONSULTATIONS WITH THE CONGRESS.

THE SAUDIS HAVE AGREED TO ENSURE AN IMPORTANT U.S. ROLE IN THE DEVELOPMENT OF THE SAUDI AIR DEFENSE SYSTEM AND TO MOVE FORWARD IN OTHER WAYS TO DEEPEN THE LONG-STANDING SECURITY COOPERATION BETWEEN OUR TWO COUNTRIES IN WHICH WE HAVE PLAYED A KEY ROLE IN TRAINING THE SAUDI AIR FORCE. WITHIN THIS FRAMEWORK, WE HAVE REACHED UNDERSTANDINGS ON A NUMBER OF SPECIFIC PROVISIONS GOVERNING THE AWACS AIRCRAFT THAT PROVIDE IMPORTANT BENEFITS FOR U.S. SECURITY INTERESTS: THESE ARRANGEMENTS HAVE BEEN REACHED

IN THE CONTEXT OF FIRM SAUDI AGREEMENT ON INFORMATION SHARING, SECURITY OF EQUIPMENT, NO UNAUTHORIZED TRANSFER OF DATA OR EQUIPMENT, AND USE OF THE AWACS ONLY IN A DEFENSIVE MISSION WITHIN SAUDI BORDERS.

THIS MEANS:

-- THERE WILL BE COMPLETE DATA SHARING WITH THE U.S. ON A CONTINUOUS BASIS.

-- THERE WILL BE NO SHARING OF AWACS DATA WITH ANY OTHER PARTIES WITHOUT U.S. CONSENT.

-- ONLY CAREFULLY-SCREENED SAUDI AND U.S. NATIONALS WILL BE PERMITTED TO BE INVOLVED WITH THESE AIRCRAFT. GIVEN THE SHORTAGE OF SAUDI AIRCREWS AND TECHNICIANS THIS MEANS THAT THERE WILL BE AN AMERICAN PRESENCE IN THE AIRCRAFT AND

ON THE GROUND WELL INTO THE 1990'S.

-- THERE WILL BE NO OPERATION OF SAUDI AWACS OUTSIDE SAUDI AIRSPACE.

-- THERE WILL BE EXTENSIVE AND ELABORATE SECURITY MEASURES FOR SAFEGUARDING EQUIPMENT AND TECHNOLOGY, INCLUDING:

- U.S. INSPECTION TEAMS WILL MONITOR THE PERFORMANCE OF ALL EQUIPMENT ASSOCIATED WITH THE AWACS SALE;

- SPECIAL FACILITIES WILL BE CONSTRUCTED TO PROVIDE ROUND THE CLOCK SECURITY PROTECTION AGAINST UNAUTHORIZED ENTRY;

- ALL OF THE AGREED ARRANGEMENTS FOR PROTECTING THE SECURITY OF AWACS MUST BE APPROVED BY THE U.S. AT LEAST ONE YEAR BEFORE ANY AWACS ARE DELIVERED TO THE SAUDIS.

TAKEN TOGETHER, THIS PACKAGE OF SAFEGUARDS AND AGREEMENTS ADDRESSES THE FUNDAMENTAL CONCERNS THAT HAVE BEEN VOICED ABOUT THE SALE AND ALSO REFLECTS A SAUDI WILLINGNESS TO WORK WITH US AND ENGAGE OUR MUTUAL CONCERNS.

FAR MORE IS INVOLVED IN THE PROPOSED ARMS SALES TO SAUDI ARABIA THAN THE TECHNICAL CAPABILITIES OF FIVE AIR-CRAFT. AT STAKE IS WHETHER THE UNITED STATES WILL BE ABLE TO PURSUE A COHERENT POLICY IN A REGION WHERE THE ARAB-ISRAELI DISPUTE DIVIDES OUR CLOSEST FRIENDS AND WHERE THE SOVIETS AND THEIR PROXIES THREATEN OUR VITAL INTERESTS.

OUR STRATEGY MUST VIGOROUSLY PURSUE BOTH PEACE AND SECURITY. PROGRESS TOWARD EACH OF THESE TWIN GOALS

SUPPORTS PROGRESS TOWARD THE OTHER. IF OUR FRIENDS ARE MORE SECURE, THEY WILL BE MORE ABLE TO TAKE RISKS FOR PEACE. IF THERE IS PROGRESS TOWARD PEACE, THE COOPERATION THAT IS VITAL FOR SECURITY WILL BE EASIER.

THE "CONSENSUS OF STRATEGIC CONCERN" AMONG OUR FRIENDS IN THE MIDDLE EAST IS NOT A FIGMENT OF THE IMAGINATION. THE FRAGILE CEASEFIRE ALONG THE ISRAELI-LEBANESE BORDER DEMONSTRATES A WIDESPREAD UNDERSTANDING OF THE NEED FOR PEACE AND A RECOGNITION THAT ONLY THE SOVIET UNION AND ITS PROXIES BENEFIT FROM VIOLENCE. ISRAELI RESTRAINT AND SAUDI COOPERATION HAVE BROUGHT ABOUT A RESULT CRUCIAL TO PROGRESS TOWARD A WIDER PEACE IN THE REGION. THERE ARE MANY PEOPLE WHO ARE ALIVE IN THE MIDDLE

EAST TODAY BECAUSE OF THOSE EFFORTS. WE WILL CONTINUE, THROUGH THE EFFORTS OF AMBASSADOR HABIB AND THE GOOD OFFICES OF SAUDI ARABIA, TO SEEK PROGRESS TOWARD PEACE IN LEBANON.

THE MOST IMPORTANT COOPERATION IN THE MIDDLE EAST TODAY IS THE COOPERATION BETWEEN ISRAEL AND EGYPT IN THE PEACE PROCESS. PRESIDENT REAGAN HAS AFFIRMED HIS PERSONAL COMMITMENT TO THE CAMP DAVID AGREEMENTS AND THE PROCESS THEY HAVE SET IN MOTION. WE WELCOME ENTHUSIASTICALLY THE DECISION BY EGYPT AND ISRAEL TO RESUME THE AUTONOMY NEGOTIATIONS AND WE LOOK FORWARD TO THE FRUITS OF THOSE NEGOTIATIONS.

IN THE WAKE OF THE SHOCKS OF THE LAST FEW YEARS, COUNTRIES IN THE REGION ALSO RECOGNIZE THE NEED FOR

GREATER COOPERATION TO REBUILD REGIONAL SECURITY.

DEVELOPING EGYPTIAN AND ISRAELI SECURITY COOPERATION WITH THE UNITED STATES, THE GULF COOPERATION COUNCIL THAT HAS BEEN NEWLY CREATED UNDER SAUDI LEADERSHIP, AND SAUDI SECURITY ASSISTANCE TO A NUMBER OF THREATENED STATES, ARE ALL SIGNS OF THIS GROWING RECOGNITION.

OUR POLICY IS TO PURSUE ENHANCED SECURITY COOPERATION WITH ALL OF OUR FRIENDS IN THE REGION. WE DO NOT SEEK A MASSIVE STRUCTURE OF BASES, A PERVASIVE PRESENCE, AND DEPENDENT CLIENT-STATES. WE RESPECT THE SOVEREIGNTY OF OUR FRIENDS, AND WANT TO HELP THEM PRESERVE THEIR INDEPENDENCE.

OUR REGIONAL STRATEGY CONSISTS OF THE FOLLOWING

ELEMENTS:

-- IMPROVING OUR OWN MILITARY POSITION IN AND NEAR THE REGION.

- STRENGTHENING THE DEFENSE CAPABILITIES OF OUR FRIENDS.

-- RESTORING CONFIDENCE IN THE U.S. AS A RELIABLE PARTNER.

-- PURSUING A PERMANENT PEACE IN THE REGION.

THE PROPOSED SALE CONTRIBUTES IMPORTANTLY TO EACH OF THESE ELEMENTS:

FIRST, THE INFORMATION SHARING ARRANGEMENTS WILL ALSO PROVIDE U.S. FORCES EARLY WARNING OF HOSTILE ACTIVITIES IN THE GULF.

MOREOVER, THE ASSOCIATED INFRASTRUCTURE TO SUPPORT U.S. DEPLOYMENT SHOULD OUR ASSISTANCE BE REQUESTED IN TIMES OF CRISIS WOULD BE IN PLACE.

SECOND, THE PACKAGE WILL BOLSTER SAUDI CAPABILITIES TO DEFEND THEIR COUNTRY AND THEIR CRUCIAL OIL FACILITIES.

THIRD, IT WILL ALSO DEMONSTRATE THAT WE TAKE SAUDI SECURITY NEEDS SERIOUSLY AND CAN BE COUNTED ON TO HELP.

FOURTH, A SECURE SAUDI ARABIA CONFIDENT OF U.S. SUPPORT WILL BE BETTER ABLE TO PROCEED WITH ITS POLICY OF ENCOURAGING ALL PARTIES TO MOVE TOWARD PEACE IN THE REGION.

WE MUST NOT UNDERESTIMATE THE RANGE AND SEVERITY OF THE UNPREDICTABLE THREATS THAT ARISE IN THIS TURBULENT REGION. TWICE IN LESS THAN TWO YEARS THE U.S. HAS HAD TO DEPLOY AWACS TO SAUDI ARABIA IN RESPONSE TO UNEXPECTED THREATS -- FIRST DURING THE YEMEN CRISIS IN 1979 AND THEN DURING THE IRAQ-IRAN WAR. QADDAFI HAS THREATENED TO DESTROY

SAUDI OIL FACILITIES IF THE SAUDIS CONTINUE TO MAINTAIN PRODUCTION LEVELS THAT UNDERCUT LIBYA'S HIGH OIL PRICES. THIS MORNING'S IRANIAN AIR RAID ON KUWAIT IS DRAMATIC EVIDENCE OF THE CONTINUED THREAT TO THE REGION'S STABILITY.

FOR ALL THESE REASONS, WE BELIEVE THE PROPOSED SALES SERVE VITAL U.S. INTERESTS. WE RECOGNIZE THAT THE SALES RAISE QUESTIONS ABOUT ISRAELI SECURITY AND ABOUT THE COMPROMISE OF ADVANCED U.S. TECHNOLOGY. IN BOTH CASES, HOWEVER, WE BELIEVE THAT THESE CONCERNS HAVE BEEN EFFECTIVELY ACCOMMODATED BY THE ARRANGEMENTS I HAVE JUST DESCRIBED AND BY OUR SECURITY AND INTELLIGENCE ASSISTANCE TO ISRAEL.

THE UNITED STATES IS FUNDAMENTALLY AND UNALTERABLY COMMITTED TO THE SECURITY OF ISRAEL. A STRONG ISRAEL IS REQUIRED BY OUR INTERESTS AND OUR HOPES FOR PEACE AND

SECURITY IN THE MIDDLE EAST. FOR OUR PART WE ARE DETERMINED TO TAKE STEPS TO MINIMIZE ANY ADVERSE IMPACT OF THE SALE AND TO MAINTAIN THE QUALITATIVE EDGE UPON WHICH ISRAEL DEPENDS.

PRESIDENT REAGAN WOULD NOT HAVE AUTHORIZED THIS SALE IF HE BELIEVED IT WOULD JEOPARDIZE ISRAEL'S SECURITY. ON THE CONTRARY, WE BELIEVE THAT THE RISKS FOR ISRAEL ARE GREATER IF U.S.-SAUDI COOPERATION IS DISRUPTED AND SAUDI ARABIA IS LEFT INSECURE OR FORCED TO TURN ELSEWHERE FOR EQUIPMENT.

CONSIDER THE RISKS OF NOT MAKING THE SALE. A VETO WOULD DEAL A SERIOUS SETBACK TO OUR EFFORTS TO COUNTER SOVIET AND SOVIET PROXY THREATS IN THE REGION AND TO MOVE FORWARD IN THE PEACE PROCESS.

A VETO WOULD ERODE BOTH U.S. AND SAUDI CREDIBILITY. IT IS URGENT TO CONVINCE LOCAL COUNTRIES THAT THE U.S. HAS THE MILITARY MEANS TO PROTECT THEM AND THE WILL TO DO SO. STRENGTH AND THE CAPACITY FOR DECISIVE ACTION ARE UNIVERSALLY ADMIRED, AND PERHAPS NOWHERE MORE THAN IN THE MIDDLE EAST. YET INCREASINGLY OVER THE LAST FEW YEARS, THE STATES OF THIS REGION HAVE COME TO VIEW US AS VACILLATING AND IRRESOLUTE. UNLESS WE CHANGE THAT PERCEPTION, THE COSTS OF WITHSTANDING SOVIET AND RADICAL PRESSURES WILL OUTWEIGH THE BENEFITS OF COOPERATING WITH US.

WE HAVE BEGUN TO REVERSE THE TREND OF RISING DOUBTS ABOUT THE U.S. OUR DETERMINATION TO REBUILD OUR MILITARY STRENGTH; OUR STRATEGIC DISCUSSIONS WITH OUR REGIONAL FRIENDS; OUR COMMITMENT TO THE CAMP DAVID PEACE PROCESS

INCLUDING OUR PARTICIPATION IN THE SINAI MULTILATERAL PEACE-KEEPING FORCE; OUR INCREASED SECURITY ASSISTANCE TO THREATENED STATES; HAVE ALL BEGUN TO RESTORE OUR REPUTATION AS A RELIABLE PARTNER.

THESE POSITIVE TRENDS WILL BE DAMAGED IF THE SALE IS TURNED DOWN. SAUDI CONFIDENCE IN THE ABILITY OF THE UNITED STATES TO CONDUCT A COHERENT AND EFFECTIVE FOREIGN POLICY WILL BE DIMINISHED. THE PAINSTAKING TASK OF RESTORING CONFIDENCE AND HOPE WILL, OF NECESSITY, HAVE TO BEGIN AGAIN.

THE UNITED STATES AND SAUDI ARABIA WILL REMAIN BOUND TOGETHER BY COMMON DESIRES TO AVOID REGIONAL CONFLICT AND TO COUNTER SOVIET THREATS. BUT IF THE SAUDIS QUESTION OUR RELIABILITY, WILL THEY FEEL MORE ABLE TO WITHSTAND PRESSURE

AGAINST CLOSER COOPERATION WITH US IN REGIONAL DEFENSE EFFORTS? WILL THEY FEEL MORE ABLE TO RUN RISKS AND JOIN THE PEACE PROCESS? MORE WILLING TO CONTINUE TO HELP OTHER THREATENED STATES? AS PRESIDENT SADAT OF EGYPT HIMSELF SAID YESTERDAY: "A REFUSAL TO GIVE THE AWACS WILL RAISE A HUGE QUESTION MARK BECAUSE SAUDI ARABIA IS ONE OF THE CLOSEST AMERICAN FRIENDS IN THE REGION."

THE SAUDIS HAVE SHOWN SENSITIVITY TO OUR CONCERNS FAR MORE THAN OTHER SUPPLIERS WOULD ASK OF THEM. WE, FOR OUR PART, MUST ALSO SHOW SENSITIVITY FOR LEGITIMATE SAUDI CONCERNS ABOUT THEIR SOVEREIGNTY AND INDEPENDENCE. LET ME EMPHASIZE THAT THIS IS NOT SIMPLY A MATTER OF NATIONAL PRIDE ON THEIR PART. IT IS A MATTER OF SUSTAIN-

ING CREDIBLE AND CONSTRUCTIVE SAUDI LEADERSHIP AS A MODERATING INFLUENCE IN THE ARAB WORLD.

WE MUST NOT LOSE THE OPPORTUNITY WE NOW HAVE TO WORK WITH A STRENGTHENED, CONFIDENT SAUDI ARABIA THAT ENJOYS INCREASING INFLUENCE IN THE ARAB AND ISLAMIC WORLD. THE LARGE AND CONTINUING U.S. ROLE IN THE SAUDI AIR DEFENSE PROGRAM AND THE MEASURES I HAVE DESCRIBED TODAY CAN AND MUST BE THE FOUNDATION FOR FURTHER COOPERATION TO PROTECT OUR COMMON INTERESTS IN THE VITAL PERSIAN GULF REGION.

NOW IT IS FOR YOU TO PROMOTE THAT PROSPECT BY YOUR FAVORABLE DECISION ON THIS CRUCIAL SALE. PROTECTING OUR VITAL INTERESTS AGAINST THE SOVIETS AND THEIR PROXIES DEMANDS NO LESS. BUILDING A LASTING PEACE DEMANDS NO LESS.

IN THE END, YOUR APPROVAL WILL MAKE THE UNITED STATES AND ALL OF OUR FRIENDS IN THE AREA MORE SECURE.

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1:05-1:20

That concludes my opening statement, Mr. Chairman.

CHAIRMAN PERCY: Thank you very much, indeed, Mr. Secretary, for a very comprehensive and thoughtful statement.

I'd like to first ask you -- and I think we can go on a minute rule, unless we are joined by other Senators; I think it would be more satisfactory.

Last night when the Iranian surprise attack was made on the Kuwait oil facility involving thus another spade in the Persian Gulf region, could you give us an assessment -- a further assessment -- as to the implications of this development so far as it relates to Saudi Arabia's concerns and security and for the Western World's access to the oil resources of this region upon which we are so dependent, as has been pointed out by the figures of Senator Dodd?

SECRETARY HAIG: Well, I think first, Mr. Chairman, it's crucial that Americans understand that this incident -- which is no longer an aberration but a growing pattern of irrational violence in this area -- confirms the urgent need for enhancing Saudi capabilities to deal with threats to their oil fields - - which are even more extensive and perhaps somewhat more vulnerable in the context of Western interests and dependence.

The AWACS that the United States has deployed in an emergency situation to Saudi Arabia picked up these flights, last evening, almost from the time they became airborne. Had that been in an integrated Saudi air defense system, that timing would have been adequate under enhanced readiness conditions to deploy and vector a responsive aircraft, if they are of the F-5 variety -- or, subsequently, the even more sophisticated F-15.

The AIM9L missile would have been able to engage those attacking aircraft front to front before they had completed the delivery of their ordnance.

Now, any other approach, due to the short distance across that Persian Gulf and from potentially radical Arab states -- Iraq, Iran, beyond perhaps -- would not give sufficient time to respond adequately and the damage would occur.

And, therefore, this is a dramatic -- and I think God-given -- warning of the importance facing us today with this decision and the need to get on and provide this capability.

CHAIRMAN PERCY: Can you tell us in open session if the

attack was detected by the U.S. AWACS flying over Saudi Arabia's eastern province. And, if it was, had the Iranian attack been directed against Saudi oil facilities, would the advance warning provided by the AWACS have enabled Saudi fighters on alert at Iran to have intercepted the Iranian fighters before they reached their targets, thus protecting the oil facilities?

SECRETARY HAIG: I think beyond question they would have had adequate warning through the AWACS and the concurrent provision of the AIM9-L missile to not only have engaged but to successfully engage those targets before the ordnance was delivered.

CHAIRMAN PERCY: Were these planes detected by the AWACS that were in the Eastern region?

SECRETARY HAIG: Yes, yey were.

CHAIRMAN PERCY: They were.

Could you elaborate on the degree to which the United States will maintain effective control over the operation and maintenance of the Saudi AWACS -- and, more precisely, the time period during which this joint control will last?

SECRETARY HAIG: Well, Senator, I don't like to use that term "joint control." I think what we are talking about is an indispensable, very important, active American participation in a system -- both in its ground configuration and also in its aerial operation.

As we pointed out and as I just stated in my opening statement, there will be an American presence in both locations -- probably for the life of the system, in the context of the ground environment and logistic support and all of the other aspects of the system.

In the aircraft itself, we would anticipate American presence up to and beyond 1990. This involves a requirement, and it takes cognizance of the training requirement -- which will be extensive and long-lasting -- and it also involves the competing demands within the Saudi force structure for highly qualified and technical personnel and their ability to meet these competing requirements as they bring their own defenses in to a higher state of readiness than heretofore.

CHAIRMAN PERCY: Oh, it is perceived by Israel, by some of us Government representatives, that this sale would be

contrary to their interests. If it were rejected and if, as you point out, it must and would have some impact on our relationships, can you describe how in your judgment it would work contrary to Israel's best interests in seeking a peace in the Middle East and peace and security for their own nation and people, if our relationship and the relationship of Saudi Arabia with us were impaired as a result of a rejection of this request of the Administration by the Senate?

SECRETARY HAIG: Well, Senator and Mr. Chairman, it's a very complex question and a very important one.

First, let's just address it from the context of regional security -- where the threats are pervasive and continuing from both internal threats and externally manipulated threats.

What we are talking about is to improve Saudi capabilities which are going to be well integrated and coordinated with American capabilities -- which will, indirectly in that context, in a regional context against external threats -- also take full cognizance of Israeli, Egyptian and other potential contributing powers.

Secondly, with respect to oil and the fundamental defense of the oil fields, I wouldn't have to overdramatize the consequence of a loss of those fields, either as a direct consequence of military action or a successful incursion on the ground. This sale will enhance Saudi Arabia's ability to deal with that.

Our whole international integrated monetary and energy complex of which Israel is an intimate part would suffer devastating consequences if the loss of Saudi oil facilities were to occur.

One of the areas what is least, perhaps, understood is the peace process itself and the important role. We've seen in a recent crisis in Lebanon where we were on two occasions, at least, perhaps hours away from the outbreak of hostilities. That was prevented not only by prudence and sensitivity on the part of the Israeli leadership but by an unprecedented degree of activity and skill in diplomacy and resource allocation and in communication with all of the parties that were affected by Saudi Arabia -- and which I think is a result of improving relationships between Saudi Arabia and the United States and a growing convergence of concern about their need to maintain peace and stability.

Now, to one degree or another, all of these issues are intimately involved in the decision before you today. No one could draw a dramatic, cataclysmic outcome that all will be lost , that there will be conflict among us. But we started from a very low ebb of credibility.

I saw that in my recent visit to the Middle East. The questions were strong and pervasive.

We have in the interim tried to correct that situation, as did the Administration before us.

These are the things that are at stake, and only history will more clearly show what our failure to make a positive decision will have.

CHAIRMAN PERCY: I'd like to ask you because the President cannot and will not be publicly testifying -- but we have met with him any number of times on this issue. Perhaps you as the spokesman for the President in this area could give us a feeling as to the degree of conviction of President Ronald Reagan on this matter -- how strongly he feels about it as President of the United States.

And I precede my question by saying I know of no President who has been over a longer period of time a staunch friend of Israel, a strong supporter of Israel, than President Ronald Reagan is today; and he remains that.

How strongly does he feel about the Senate approving this sale or letting the sale go through without a resolution of disapproval being adopted, and how does he feel and how do you feel about how the President's role would be undercut in seeking a peace in the Middle East? And our role and the President's role is absolutely essential, all parties agree, to that peace process if we're to find it; it will be found through an American Presidency.

SECRETARY HAIG: Well, let me assure you, Mr. Chairman, that the President could not feel more strongly about the need for this sale to proceed successfully. He has given a great deal of time to it over an extended period.

I think his original enthusiasm for the sale -- which was, after all, shared by his predecessor, by every Secretary of Defense that I know who has served in recent years, by almost every Secretary of State -- there's been an exception, maybe the second -- but, beyond that, the consensus has been clear ; and the President has had a strong conviction about the importance of this subject.

But as time passed -- and especially those critical days in Lebanon where the active and absolutely indispensable work of the leadership in Saudi Arabia made such a fundamental difference to the outcome -- the President's conviction became all the more stronger; as a result of the visit of President Sadat and his own strategic assessment, it became stronger.

As a result of measuring with great care the costs of the failure of this project, the President's conviction became all the stronger.

He will address it today, as I understand it, at a press conference that may be going on at the moment.

I know he will meet with the Leadership as often and as regularly as is necessary -- and every member of the United States Senate, if necessary -- to convey his conviction.

Now, the question is: what does it mean if two American Presidents have proceeded with a project at the request of a friendly government -- if this project has been carefully analyzed and scrutinized with probably the most exhaustive controversy that I've witnessed in many a day in this Capital.

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Two American Presidents have proceeded with a project at the request of a friendly government. If this project has been carefully analyzed and scrutinized -- possibly the most exhaustive controversy that I've witnessed in many a day in this capitol --

CHAIRMAN PERCY: Thank you, Mr. Secretary.

SECRETARY HAIG: -- and he is turned down, it's serious.

CHAIRMAN PERCY: I have a final quick question concerning the peace of the world, whether it's the Near East, the Middle East, certainly Poland and Europe, it depends more on possibly the President of the United States than any other single individual on the earth, what if this sale were rejected, would the President be severely handicapped in his efforts to create and develop a forceful, credible, and consistent U.S. foreign policy throughout the world.

SECRETARY HAIG: Categorically, yes.

CHAIRMAN PERCY: Thanks very much.

Senator Pell.

SENATOR PELL: Thank you, Mr. Chairman.

I recognize the depth of feelin, that you have and the President has -- and both, for the very tough night you've just been through. I think some of us have already developed pretty deep views of this over a fairly long period of time, too, because as you point out correctly, this is nothing new, this proposal; and if we reject it this time, I'm sure it will come up again and again. But I would like to ask you perhaps a technical question, that since the U.S.-owned AWACS that are presently on station there and are equipped with the most sophisticated equipment, I would think a better guarantor of Saudi Arabia's security would be the stripped-down version we have turned over to them.

Why is it they are not better off as is, without fully-manned and the full technical complement of instruments being aboard them with the present AWACS?

SECRETARY HAIG: I think the answer is just as simple as the same situation we would find here in this country if we found our own inadequacies, stage of development, such that we would have to have Canadian troops guarding our shores.

I think the Saudis, quite correctly, and justifiably feel that their modernization process which is under way and the resources available to them demand that their people would demand that they provide, to the degree they can, to their own defense. That's what they want to do.

You say that the current arrangements are adequate. Well, we have competing arrangements as well. The United States AWACS larder is not altogether that full, and I can watch never a passing day that we don't have needs for those aircraft elsewhere.

I think it's also important, in a broader sense -- and I think, Senator, you have been one who has been extremely sensitive to this requirement, and I encourage you in that, that is that we are not trying to set ourselves up as the policemen of the world. Where other nations are willing to do it for themselves, and have the resources and the will, we should be encouraging it and not creating circumstances built on what can only be interpreted as an underlying mistrust, to go ahead and jump in and "have as" recognizing the safeguards are all there, to be sure abuses do not occur.

SENATOR PELL: But just to be very specific, strictly from the viewpoint of our military safety and security, are they not better off as it is, thinking, not taking into account pride -- are they not better off as they are than they will be if this arrangement went through?

SECRETARY HAIG: No. There are two questions here. First, I think it is in our overall security interest for Saudi Arabia to develop its own capabilities, as they are seeking to do, and they put great resources into it: A strong Saudi Arabia, a sovereign Saudi Arabia, is it better an ally than a dependency of the United States? It won't be any way because its leadership would not tolerate such an approach.

But secondly is the issue I put in my opening statement, and that is the effectiveness and the credibility of the Saudi regime and the Saudi Government in a very difficult, regional environment. If they are perceived by others to be less than fully capable or unwilling to be fully capable, their ability to influence the peace processs and moderation in the area -- what the Crown Prince of Jor called this week, in New York City, the "centrist movement" in the Middle East, will be damaged. So the issues are far more complex than just simply that it is more convenient not to take these risks and to go on with the aircraft we have already provided.

SENATOR PELL: I guess one of the points that separate us is the differing assessment of the stability and solidness of the Saudi system, where you have a couple of thousand princes pretty well running and controling the country, stable at the moment, but when one goes there, one has the certain sense that it could turn the way Iran did. I remember when we objected to the sales to Iran, at that point their government looked pretty stable, and we had assurances from your predecessors that we should not worry on this score.

I wonder if you would address yourself at the moment to questions of your own assessment of the political stability of the regime in Saudi Arabia?

SECRETARY HAIG: I not only have great confidence in the stability, but I have equally great confidence in its competence. I've dealt extensively with it over the first nine months of this Administration, and I've been nothing but encouraged and impressed.

SENATOR PELL: I would agree with you, as individuals they are honorable and fine people, but when you visit there, you find a certain discrepancy between the one family that controls the country and the rest of the people. Does that bother you at all?

SECRETARY HAIG: Well, that bothers me in Belgium, in London, or in Washington.

SENATOR PELL: One family controling Belgium, London, Washington?

SECRETARY HAIG: I think what you're talking about is imbalances in the fruits of our labors.

SENATOR PELL: I believe (relieve) (faulty transmission)

(Laughter)

SECRETARY HAIG: They don't-- I think if you had talked to Saudi leaders as I have, you would be extremely impressed by both their vision and the steps they have been taking over a consistent period of the dynasty's leadership in precisely the direction you're talking about.

I would suggest this, Senator: If we become totally unbalanced with our preoccupation with that issue, we can create the circumstances that we saw in Iran -- and sometimes that's not so good either.

SENATOR PELL: Well, let's stop discussing that, then. Maybe I should not have raised it.

Going to these agreements, because we all understand there are certain agreements that will be understood -- hopefully written down -- but, honestly, do agreements stand up when it changes our interest? For example, your predecessors said that we would not give enhancement equipment to these F-15s and put it in writing, in fact, to this Committee and to the House parallel committee.

Do you feel in any way inhibited by that commitment, or what would be your rationale to decide the fact that the Russians have moved into Afghanistan? What would be the rationale for changing the terms of reference?

SECRETARY HAIG: The basic rationale is the joint responsibility, Senator, that you and I have. I suppose the charge of the Light Brigade is the great example of history. If one has constructed some contemporary assurances with respect to a policy, and the conditions which underlined those assurances have profoundly changed, would not both you and I be very, very stupid to continue to ignore those changes? And that's the situation here. We have a profoundly different Middle East than we had at the time those assurances were given to you, and that's not a valued judgment on whether they should have been or not, or whether you here should have extracted them.

SENATOR PELL: Following along that same line, you could have circumstances changing again in the Middle East where presumably these agreement will not hold up. In general, agreements do not hold up when it is against the interest of the country to honor them. Wouldn't you agree with that?

SECRETARY HAIG: I'm not sure that I do, in the context of the issue we're addressing. We have a stable Saudi leadership, with whom we are building a hopefully improving relationship, and I'm optimistic that that is so. It's been my experience, not only the characteristic of the leadership, but the character of the Saudi people, that when they give you their assurances, they will live by those assurances.

Matters of this kind are not necessarily determined by a written piece of paper or an agreement. An agreement is just so good as the paper it is written. What is important is the value of the committment and the character of the committee. We have very high regard for that.

SENATOR PELL: I share your high regard for the high sense of honor that the Saudis have, very high sense of honor, indeed; but I also think that our Government has a high reputation, and when it goes in writing saying that we do not intend to sell any other systems or armaments that could increase the range or enhance the ground attack capability of the F-15, that's pretty tight language, too.

SECRETARY HAIG: Well, Senator, after all, I hope you're not going to give that piece of paper the same weight that you would give an international understanding between two sovereign governments.

SENATOR PELL: I would agree (simultaneous voices)

SECRETARY HAIG: I would think if you go back to the time that particular thing was written, when the controversy was not too different from the kind we're experiencing at the moment, it becomes a very facile thing to do.

SENATOR PELL: Now, moving on to another subject, Mr. Secretary, which does concern me, our system of government involves the showing of responsibility, particularly with the Senate under the Constitution in the field of foreign relations. Why was there not more consultation with the Senate -- I think this falls on the shoulders of your predecessor Administration, too -- because it's obvious that any nose count taken six months ago or a year ago would have produced the results that we have today, and I'm curious why there isn't more effort made to consult with us.

(Continued on page E-1)

SECRETARY HAIG: Incidentally, Senator, let me just say a word about your first question on Executive-Legislative agreement.

You know, the very fact that you're raising it and we're debating it is a precise bona fide of the great system we have.

We're here asking you to join with us jointly to discard that commitment. You could be more worried if that were not the case, and I would be as a citizen. So I ask you to join with us in a common assessment that the time has come, due to all the urgent threats we are talking about, to discard that prohibition.

I'm sorry. Let me touch upon this second question.

SENATOR PELL: My question is, why was there not more? So as to avoid a similar situation happening in the future, shouldn't there have been more consultation between the Executive and the Legislative early on when you might have found this was absolutely unacceptable?

SECRETARY HAIG: There are a host of reasons, and more than I suppose I could describe even in the time of this hearing. But some of it involves an evolution, if you will, of communication between the parties, and a great caution on the part of the Executive Branch not to go beyond the limits of those understandings, and to develop them with the greatest of care and with the greatest sense of sensitivity to your concerns up here on the Hill, and that's what we've done.

As I say, I don't expect every Senator to jump up and down and say every demand I have made has been met. I would be very shocked were we able to accomplish that miracle.

SENATOR PELL: Impossible.

SECRETARY HAIG: Exactly. On the other hand, we do feel that this time taken was necessary to get something that was responsive to the most legitimate and responsible concerns. Some have not been possible. And where they't not been possible, we've been very frank to tell you that. So you can theoritize from now for the next six months if you're in that position that this is not acceptable. Of course, it's not.

But the consequences of the position taken we will all find we cannot avoid.

SENATOR PELL: My time has expired. Thank you, Mr. Chairman.

CHAIRMAN PERCY: Thank you, Senator Pell. Far be it for me to be a spokesman for the previous Administration, but having talked over the Brown letter with some of the officials of the Administration, I think the attitude would be and is that it would be foolhardy for them to have stayed with a position, which was done at that particular time, when since then Iran has converted from one of our strongest allies into our strongest adversary in the area of putting us through 444 days of humiliation, the Iran-Iraq war, the invasion of Afghanistan -- all of that so materially changed conditions out there. The Carter changed its mind and based on those facts the Reagan Administration came to a decision.

Senator Boschwitz?

SENATOR BOSCHWITZ: Secretary Haig, the Chairman asked where would we be in the event the sale were not accepted. And I want to ask, rather, where would we be if this sale was accepted? As you know, we have discussed before, what's going to be the next litmus test?

Mr. Secretary, this is a list of about $35 billion worth of shipments of various arms and materiel to Saudi Arabia that has taken place since the 18th of February, 1976. It doesn't include the $8-½ billion that we are now contemplating at the present time.

What would be the next litmus test, I have to ask myself? Is it going to be the black boxes that would secure the data links? Is it going to be the bomb racks which are now under study? Why are we going to be better off, after all of this, we don't seem to have made a great deal of progress.

Since 1978, when we sold the F15s to the Saudis, which was a litmus test -- maybe these agreements are written on litmus paper -- but in any case it was a litmus test. Since that time we've sold an additional $12 billion worth of materials to the Saudis.

Just for a point of reference so that there is -- for purposes of comparison -- while it is not entirely pertinent, during that same period I think we sold just slightly after a billion dollars to the State of Israel.

In the meantime, most recently, we have been accused by the Gulf state nations, because of our activities in Libya and the shooting down of the two Libyan jets, as medieval pirates. When we want to fill our strategic petroleum reserve, we are told by the Saudis that we can't do that. The Saudis continue to criticize Oman because they will give us bases.

So there still seem to be some doubts -- some requirements for additional litmus tests -- even after $38 billion. So we are we going to be after the sale in the event we make the sale? Why weren't we in that good a position in 1978, I have to ask myself.

Weren't these other sales an indication of our good faith and our interest in the area and are we not just heightening the arms race in that area and destablilizing it even further?

SECRETARY HAIG: Let me make several responses to a very broadly based question. First is that $35 billion. As a former member now of American industry, I would be not only imnpressed but very thankful that the American people and the American economy has benefitted from the sales that you've just outlined.

If we were to sit down and parse that list out, I would like to see the difference between hardware delivery and nation-building and construction in the total of $35 billion you touched upon. I think you'll find it's rather substantially construction.

I would not want to get into a matching contest with Saudi Arabia and Israel in a total content of provision of armaments, nor should we. Because the simple facts are it's in our interests to provide for the security of both countries, and increasingly so in the case of Saudi Arabia.

Where I find the greatest difficulty, Senator, is the last part of your question where you made some references to differences that we have had with Saudi Arabia, both historically and in a contemporary sense. I would anticipate we will continue to have those differences, as is always characteristic of relationships betwen sovereign nations.

We have differences with Israel. I don't have to draw any pictures there. That doesn't mean we don't have broadly, fundamentally converging interests, and we do, and

in the case of Saudi Arabia as with the case of Israel. We do. And I'm not making a comparison. One is a profound historic relationship. Another one has been historically very sound for an extended period of years, and we're seeking to broaden it, for good reasons.

Therefore, I don't know how to answer that question. I'm very impressed by that list.

SENATOR BOSCHWITZ: Therefore, what you're saying is that this will be one in a series. Sure, we have our differences with other countries -- not a lot of them around that call us medieval pirates -- but we have our differences. And I agree that this list does include a very substantial amount for construction, but that, too, is an indication of our interest and our fielty and our desire to be of help and develop the Saudi Arabia nation and to develop ties with it.

But, again, are we gaining something by heightening the arms race in the area? This is your answer that this is just a continuation of a number of sales, and we are hopeful of building a better relationship? Or is there going to be -- you know, we in the Senate perhaps are unreasonable in thinking that if we sell them $8-1/2 billion worth of stuff, something concrete should come out of it.

What are we going to be dealing with? Another litmus test or concretely better relationships after this sale?

SECRETARY HAIG: Senator, first let me tell you, our basic strategic relationship is an aspect of the motivations behind this sale. It's not the exclusive preoccupation of the decision or focus of the decision. We feel this is in our vital national interests as well, our own enhanced security position in the Middle East. So I want to be sure that that's clear before I answer the question you've asked.

If you're suggesting that we sell our arms to extract a commitment from Saudi Arabia to do a certain thing, I hope we can avoid that. That should not characterize our policy. But I would suggest to you, as I did in my opening testimony, Saudi Arabia has made some major contributions in recent weeks, months, and years to American interests, to regional stability, and in some respects -- we're not talking about a litmus test in that sense. We've already long since concluded that Saudi Arabia has been

working constructively for our interests -- and their own, incidentally. No one does these things for any other motivation. But I told you what they did in the Lebanon preace process, not once but repeatedly: I suggested that they are working with us in the area of development of developing nations who are threatened by social instability and external subversion.

I think one could make a very good case in a contemporary sense that Saudi Arabia's oil policies have been very constructive from the American point of view, both in terms of the production levels they've maintained, despite incentives not to, and in terms of the price levels they have fought for, despite great pressures within their own group not to.

So there's quite a bit that can be said on the other side of the ledger along with the differences. But we're not creating a relationship in which they are going to be subservient to our views or we're going to be subservient to theirs. You raised the question of the petroleum oil reserve. We are filling ours. We're not totally dependent on the Saudi policy in that regard, which from their point of view they can justify very convincingly, incidentally.

We are proceeding on our strategic cooperation with Israel. I don't have to tell you that's not a comfortable prospect for most of the Arab states in the region. Moderate, radical, centrist, whatever you want to label them. We are pursuing the Camp David agreements. That gives great pause to most of the Arab states.

So we don't expect them to be our servant, our handmaiden, and we're certainly not theirs.

SENATOR BOSCHWITZ: I am not implying that their should be subservience, handmaidens. I understand that they have, indeed, a sovereignty that they wish to protect of which they're justly proud and so they should protect.

I don't want to get into a debate about whether or not they need to produce 4 million, 5 million or 8-½ million barrels of oil day, and whether or not the 10 million barrels of oil may not have benefitted them as much as it's benefitted the rest of the world.

We are making the largest arms sale in the history of this country. It is not unreasonable to presume, particularly in view of the fact of an ongoing relationship, that this arms sale should be further evidence of our good intent, of our interest in the nationhood and stability of the area, and while they have, I must say in recent months, been particularly helpful in Lebanon, yet we don't seem to be getting much in return, or much assurances in return, that perhaps the Camp David process will be in some way endorsed, that there will be greater stability.

It appears to me that as important as Saudi Arabia is, and as significant as it is to the world, and as powerful as it is with it's large oil revenues, that still we should be able to move forward as a result of these sales and of the sale that we are now making to be more confident that we're not just heightening the arms race in the area, but indeed are making a step towards stability and peace.

I can't see anything in the statements, most recent statements, of the Saudis, their objections again to the Omanis giving us bases, their calling our activities over the Mediterranean with respect to the jets that we shot down of Libya an act of medieval piracy.

I can't see tha through this sale, through the transfer of our most delicate and sophisticated technology, that we have made several steps forward in seeking the stability of the area.

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SECRETARY HAIG: First, Senator, I don't question the objectives that you outlined there, I share them. I think these are very constructive aspirations of American policy in Saudi Arabia.

I must also say as one who must deal with this question day after day on an almost hourly basis, I can tell you that what you suggest is not so, that they have been extremely helpful and cooperative, despite differences. And, incidentally, it would be a bum wrap to attribute the comment on the Libyan shoot down to the Government of Saudi Arabia, because within hours I was assured that it did not come from the Saudi Government.

SENATOR BOSCHWITZ: But it came from the group of Gulf states which they dominate.

SECRETARY HAIG: Well, there are officials and officials. We know that in this town. (Laughter)

SENATOR BOSCHWITZ: There are, indeed, officials and officials.

I see my time has expired.

CHAIRMAN PERCY: Senator Biden.

VOICE: May I announce that there is a vote at 2 o'clock. It is the Chair's intention that we not recess, we continue right on. The Senators can figure out when their next questioning will be up and they can decide when to vote themselves. When I go down a little bit early, Senator Mathias will continue in the Chair.

It will be the intention to continue this hearing, Secretary Haig, if your schedule permits, until 3 o'clock, which I estimate will give every Senator an opportunity to ask questions, and Secretary Weinberger will then be scheduled for 3 o'clock in this room. But I think if we continue until three, we can finish that portion.

Senator Biden.

SENATOR BIDEN: Thank you, very much, Mr. Chairman.

Mr. Secretary, I assume I am speaking to the right official in this town when I ask these questions.

Let me begin by asking you, the AWACS that we plan on selling the Saudis, how will it differ from AWACS that will remain in our control at Tinker Air Force Base, for example? Will there be differences in the aircraft, and, if so, what will the differences be?

SECRETARY HAIG: Well, there are differences in several respects, some of which are compensated for by a lesser capable commercial model. Let me get you the precise language of those differences, because I haven't enjoyed quite the -- the main differences occur in the area of crypto gear, what we call sensitive software.

SENATOR BIDEN: I guess, let me got to the --

SECRETARY HAIG: You know, some of the technology -- JTDS, and other things, I am not sure mean very much to many people.

SENATOR BIDEN: Well, the Air Force has been kind enough to brief me, and everyone here, I suspect, on what the differences are. My question really is: Why is there a need -- why don't we sell them just what we have? Why are we down-grading the aircraft at all? I mean, what is the policy reason for not selling them everything we have?

SECRETARY HAIG: I would say the most important consideration, for a number of factors, is our assessment of the threat with which the capability will have to deal, and we do not feel that the more sophisticated capability is required for the particular threat which we are attempting to cope with. The kind of threat we saw demonstrated this morning.

SENATOR BIDEN: I am not saying you are wrong, but I have been led to believe there are other reasons.

Let me pursue this another way.

The kind of threat we saw this morning, or last night, whatever it was, with regard to Kuwait, the threat from Soviet proxy troops, Air Forces, countries, and from the Soviet Union itself.

Now, I can't think of a much more dire threat. I mean, they are real live threats. And, again, why is it we don't give them the whole shebang?

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SECRETARY HAIG: There are certain aspects of the AWACS -- incidentally, the NATO model is somewhat different than the unilateral U.S. model. There are certain ingredients in the crypto package that we don't sell to anybody. We just don't do it. And there are commercial models available and we think they are somewhat less. That is one reason.

The second is that the NATO model, for example, is geared in for the environment in which that NATO AWACS will operate, and that is a highly complex sophisticated air environment with a multiplicity of contacts at all times, and a multiplicity of vectoring aircraft to manage in a greater network of airborne capability.

In Saudi Arabia, we are dealing with a far simpler environment, and a far simpler, in some respects, threat.

Now, if we were to be faced with a complication of that threat, an escalation of it, the likelihood of a direct Soviet intervention, for example, which we are capable of dealing with with our capability, we might wish to consider the enhancement of the Saudi package.

SENATOR BIDEN: As I understand it, the aircraft we are selling them will in no way be different from our ability -- to use your phrase -- to tell the vector of other aircraft. It will do all those things. It will do everything that any European aircraft does, European-based aircraft does, with regard to detecting, identifying enemy aircraft.

Now, as I understand it, what we are not going to deal with, without getting extremely technical here, without -- or what we are not going to give them are those communication links that -- and I assumed it was because we are somewhat fearful that if they had all of that, they then would be able to be in a position of having a coordinated effort with other Arab countries. That is not true? Not a concern?

SECRETARY HAIG: No, that is not true at all, because there is no other Arab country that could link in with the system today, if my advice from the experts has any soundness.

SENATOR BIDEN: Okay. Let me move on and come back to that, because it really does, I think, speak to the question of whether or not you are all as confident as you say you are about Saudi security, but I will come back to that.

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What is the Administration's assessment for the reason why the Saudis are not able to come on board more openly on things that we know and I believe that they would like to do? I mean, for example, why do you think the Saudis are not more helpful with regard to -- even more helpful tan they have been with regard to Camp David Accords; why do you think the Saudis have to take the public position they do with regard to the bases at Oman? What do you assess the motivating rationale for those kinds of judgments made by t he Saudis?

SECRETARY HAIG: Well, on the Camp David Accords, I think it is a very clear picture. It happens to be that Saudi view is shared by most of the Arab states. It is shared by most of our Western European partners.

SENATOR BIDEN: How about Oman? How about the basing arrangements in OMan? Why do you think they need to be publicly critical about that?

SECRETARY HAIG: Well, I think, if you go back to the date of that criticism, it preceded some of the events we are talking about now, in the first place. And, secondly, I think their concern about Oman is not too different than their concern about a pervasive American presence in Saudi Arabia. It is one of the issues associated with thier desire to procure the system, and not to have the United States alone do it for them.

SENATOR BIDEN: Why do you think, as friendly as they are privately, why do you think they are not willing to be as openly embracing of the United States as Sadat is, for example -- not on the issue of Camp David, but why is it that, you have told us and everyone has told us privately and publicly, we don't want to get the Saudis too close. We don't want to put them in a position where they are identified as being too clearly associated with the Americans? Why is that?

SECRETARY HAIG: Well, I would be not so concerned about getting them -- quote -- too close. I think what the problem is is that they themselves see risks in that in an environment of the kind in which they have to conduct their affairs.

SENATOR BIDEN: What risks do we think they see in that?

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SECRETARY HAIG: What risks?

SENATOR BIDEN: What risks do they see, from your perspective? You said they see risks in that kind of relationship. What risks do we think they see?

SECRETARY HAIG: Well, it depends on how you describe the relationship. First, let me tell you, I have never felt cold when I visited Saudi Arabia.

SENATOR BIDEN: Neither have I, --

SECRETARY HAIG: Just the opposite.

SENATOR BIDEN: That is my whole point. I think they are personally and instinctively and in every way very warm and close and feel they want the tie, but it seems as though they have a regional dynamic that requires them to keep us at arms length.

SECRETARY HAIG: I don't think that applies exclusively to the United States. It applies to the dependency on any -- quote -- WEstern Superpower."

SENATOR BIDEN: Why?

SECRETARY HAIG: Well, it is not unique to Saudi Arabia. I find it in every country with whom we deal.

SENATOR BIDEN: Let me suggest, since my time is out, or almost up, let me suggest to you that I have always thought, and I thought that this Administration and the last Administration has thought, that the Saudis have a peculiarly difficult problem, and the problem relates to the Palestinians and the country south of them, Yemen, and to the internal dynamics of the Moslem world. And that as a consequence of that, they are in a very delicate position of maintaining their rule of a country if they are perceived to have looked to the West too much, if they are perceived to have abandonned the Palestinians.

Everyone who has ever briefed me in the last eight years has said to me, "Look, Biden, don't make these folks go too far. Understand what their internal limits are, and if they embrace your position with regard to the Middle East peace process, they are going to be in real trouble with the Palestinians. They have also told me over the years that the

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Saudis continue to fund the PLO -- not the only reason but the main reason -- is that they understand that they have to do that to survive.

Now, is that not a consideration as far as you are concerned?

SECRETARY HAIG: I wouldn't discount it as a consideration at all. But I would also suggest that not only the Saudis but a number of others --

SENATOR BIDEN: I am not suggesting it isn't, but we are talking about the Saudis now. I am not concerned about the others.

SECRETARY HAIG: But, you know, I don't want to draw it too uniquely. I think we all know that the radical Arab movement is not inconsequential one for us in the region.

SENATOR BIDEN: So, the real concern, the major concern, is in terms of Saudi security, really is, comes from, having to run against, get up against that radical Arab concern, because that is the thing that can do them in. That is the thing that can topple this government. That is the thing that can bring it all down.

I respectfully disagree with Senator Pell on terms of a similarity to Iran. There is no similarity. Iran had $28 billion in income as opposed to $115 billion in income. Iran had to spread it out over 34 million people. This country only has to spread it out over 4 million. We have a country where they keep very close relationship with the Bedouin tribesmen. They are there. They are judicious in the way in which they maintain their religious connections, and all the rest. So, there is not that similarity. The similarity is that we have a fragile situation whereby if the top five Princes got bumped off tomorrow, there would be absolute chaos in that country. Aren't we afraid of that happening?

SECRETARY HAIG: Well, let me answer your question, Senator, because even though you correctly, and I think with great skill and knowledge, pointed out some of the important differences between Iran and SAudi Arabia, and I share that view -- some of the arguments associated with what we should or should not have done at the time of Iran, are

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closely related to what you have just asked, and that is this:

Are we, as a nation, going to immobilize ourselves with respect to needed policy for fear that those policies will not succeed?

Now, if that is our modus operandi, Senator, that is a formula for total neutralization and do nothing for America, do nothing for America world-wide.

SENATOR BIDEN: OUr whole purpose --

SECRETARY HAIG: Of course --

SENATOR BIDEN: -- to secure the SAudi regime because that is in our interest. With all due respect, if Saudi oil tomorrow dried up, our interests would dry up. We wouldn't be selling any planes over there. It is different in Pakistan. It is different in Iran. It is different in all the other countries in the region. And with all due respect, Mr. Secretary, it seems to me that the AWACS aircraft and this arms sales package are not going at what the threat to U.S. intersts is, which is internal, not external.

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Let me say this: If we are ever dominated by the theory that we must not take action which is designed to prevent an outcome simply because we may be faced with that outcome, we have neutralized ourselves.

Now, what we are doing with this proposal, hopefully, is to strengthen the Government of Saudi Arabia.

SENATOR MATHIAS: Mr. Secretary, this is a very hypothetical question, particularly for those of us who have to travel in our automobiles a great deal.

The other day, while driving along, I heard an interview in which an Air Force general was quoted as saying that the AWACS coverage the American Air Force is now providing in the Gulf area is very valuable. And he was then asked: What would be added, what would be gained by having a Saudi AWACS in the area? And he said, "Nothing at all."

So the inference was drawn that there really isn't any benefit; why not just continue the status quo?

Now, of course, one of the questions that arises is how much this press coverage is costing the American taxpayer -- No. 1, just in operational costs -- and, No. 2, in terms of the use of equipment there that we might for our own national interests prefer to be using somewhere else. Has any estimate of that been made?

SECRETARY HAIG: I think in fairness to answering your question that we are pretty well compensated for the costs of our activity in Saudi Arabia today -- subject to correction by one of my experts. Not entirely; they provide the petroleum and the maintenance of our personnel there -- the upkeep, room and board.

So there is a cost, of course.

SENATOR MATHIAS: But crew costs other than room and board and fuel.

SECRETARY HAIG: And attrition of the aircraft for missions that we might far prefer elsewhere.

SENATOR MATHIAS: And the intangible cost of not having that equipment available for prices that may be --

SECRETARY HAIG: Absolutely. And the distances involved in maintaining a system at that distance.

SENATOR MATHIAS: Well, I would hope that you would ask your staff to look at that question a little more carefully and, if they can, give us a more precise cost to the American taxpayer of the current deployment of AWACS in the Gulf area.

Now, turning to your statement, you pointed to the relationship between the United States and Saudi Arabia which has had positve aspects for both of us. I'm sure that the Saudis, like both Christians and Jews, revere and know the Old Testament and they will be familiar with the story of the threshing bore of Balogna, which is a long story. But the bottom line is that King David said, "I will not give unto the Lord, my God, that which has cost me nothing."

Now, these are some very useful things that the Saudis have done; and serving the interests of the United States, they have promoted peace in Lebanon. They have helped to create a stable oil-pricing structure. They have given some aid and comfort to governments that are pursuing the goals that we share -- all useful things -- but there are also things that are clearly in the interests of Saudi Arabia. They're not only in the interests of the United States.

Can you think of any instance in which the Saudis have taken a step which is to the benefit of the United States -- and perhaps at the request of the United States -- which is not also clearly in their own national interest -- something that has, in King David's words, "cost them something"?

SECRETARY HAIG: Well, I think any profiled involvement in the peace process is a very high-risk activity for the Saudi leadership. I think it would be hard to focus on any self-interests, activity, other than a set of concerns and visions which go above more nationalistic ones.

SENATOR MATHIAS: But I think it ought to be clear -- and I'm sure it's clear to most of us, but I think it ought to be clear in a very general way -- that friendship sometimes demands difficult responses and that they can't all be self-serving responses. It would be a very pleasant world if that were the case, but it isn't.

Well, now, on page 8 of your statement you said, "We do not seek a massive structure of bases, a pervasive presence, and dependent client-states."

I'm wondering if you could describe for us exactly what it is we do seek in our Middle East strategy -- exactly how do you express what the policy of the United States is in that area.

SECRETARY HAIG: Well, I think, Senator, what we are attempting to convey is: At first, this is an area of vital concern to the United States.

Now, that means that an American presence is necessary on a continuing basis but that that presence must be tailored to the sensitivity of the regional states in whose security we are vitally concerned.

That accounts for the comment on bases. It also accounts for the recent decisions to strengthen our Indian Ocean Fleet deployments and to intend to continue with that.

That American presence is the bona fide of the American interest, especially in a post-Iranian situation. It does not exclusively oil diplomacy; it involves peace and stability and adherence to a process of peaceful change rather than change to rule of force.

That's a global aspiration, but it applies particularly to the Middle East.

It involves the development of a sense of reliability and confidence among those states who share our values or among those states whom we hope to influence to share our values for the collective good.

It involves creating an atmosphere of stability and security which, as I said in my opening statement, will create an environment that permits nations to take risks for peace rather than to be driven continually by the paranoia of their own vulnerability to threat.

I spoke to that in my extensive hearings here. It's a question of the way of dealing with the proliferation issue.

So that's our policy.

Now, that does involve an American presence. It involves an ability for Americans to move in in time of crisis, if necessary as a bona fide of our determination and to protect our interests there.

It also involves avoiding a burden on the regimes with whom we seek to work by attempting to restructure our

archaic alliances or interrelationships which wouldn't be achievable if we wanted to.

SENATOR MATHIAS: You speak of a policy that involves an American presence in the Middle East. We have seen how the size of the presence can vary.

Looking five years ahead, certainly this Committee and certainly the Congress ought to look ahead. How large a presence would you envision?

I can't expect you to give us the number of planes and ships and men -- but just in a general sense, how large a presence would you predict we would have in the Middle East, say in five years?

SECRETARY HAIG: Well, there's some risk in being very definitive in that subject in an open session.

SENATOR MATHIAS: Prophets always live dangerous lives. (Laughter.)

SECRETARY HAIG: That's right. But it's also dangerous from the standpoint of creating the wrong impressions on one side no matter what you answer.

I think we are not looking for a substantial presence, and I don't anticipate we will have one.

On the other hand, I do believe we will have facilities and the capability to very rapidly reinforce our presence in that region in both terms of time and in greater quantities than heretofore -- and substantially greater quantities.

SENATOR HAIG: Now, what do you see as limiting factors on our presence in the Middle East in pursuit of this broader policy that you described?

One limiting factor, obviously, is going to be the economic factor. It costs a lot of money to keep forces overseas. But what beyond that?

SECRETARY HAIG: Well, what they want is the toleration of the region itself to such an American presence -- a toleration that is very low, even as close a friend as President Sadat -- and he is that. He has made it very clear he cannot accept American bases in Egypt.

He can offer facilities for Americans -- for training, for transients, for reinforcement requirements.

We are working with some of the other governments -- Oman, Kenya, Somalia, as well as Egypt. And I think the limitations are internal to the region.

They are practical here in the United States in terms of resources and the most efficient way to use our resources -- whether to keep them centrally, able to project them rapidly -- and that's what we've been working on.

And I'd say that's the essence of it.

SENATOR MATHIAS: Mr. Secretary, my time has expired -- in two respects: one, as far as the limit we have imposed upon ourselves here; and, secondly, as far as the travel time it's going to take me to get to the floor and vote.

So you might not be adverse to a ten-minute recess.

SECRETARY HAIG: You've reac hed a very hospitable period.

CHAIRMAN PERCY: The Committee will stand in recess for ten minutes. (Gavel pounded.)

:17pm

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SENATOR :

SECRETARY HAIG: articulation, those four points, yes, are included in writing in what I think they call the Letter of Offer technically, and subscribed to officially by the Government of Saudi Arabia.

SENATOR : Are those the more or less agreements in a Letter of Offer, or do these go beyond that?

SECRETARY HAIG: I think they are uniquely structured for this particular sale and the concerns surrounding the sale.

SENATOR : On the other things you mentioned that would be agreed to, are there written agreements on those?

SECRETARY HAIG: I would say that for the large majority of them there will be, Senator. What we have now is a fundamental understanding between the Government of Saudi Arabia and the United States Government.

SENATOR : And you say in the months ahead --

SECRETARY HAIG: In the months ahead, as we prepare the particular l.o.a. itself and the security agreement that the commitment is firm, that these aspects will be included.

SENATOR : Will these all be written agreements by the time this is finalized?

SECRETARY HAIG: By the time the sale occurs, and in the case of security, as I said, not only the obligation, but our assessment of the realization of those obligations, a year before delivery.

SENATOR : But we would not know those assurances in writing by the time we have to vote on it here?

SECRETARY HAIG: No, I think you would have to deal with it like you do almost any other foreign policy matter of this kind, and that is to take the assurances of the Executive Branch as articulations of the assurances received from a reliable allied government.

SENATOR : But we don't --

SECRETARY HAIG: I think that's a traditional and normal way.

SENATOR : Is there any written agreement on the U.S. on-board participation?

SECRETARY HAIG: I think there is a basic mutual understanding, and in that sense a consensus, that there will be American presence on board during a training period and beyond until some undefined period into the 90s when Saudi capabilities will be up to assuming the tasks.

SENATOR : There are wide and varied opinions as to how long it will take to train Saudi crews. We've had a report from some of the AWAC training personnel themselves that they feel crews could be trained from 18 months to 24 months. Even if we add another year to that, on the normal slippage of training schedules that you and I are both very familiar with in the military, it would still mean that we would have Saudi crews perhaps fully trained for every position, fully capable of flying the airplane solo by about the time period the first airplanes would be delivered.

Would this mean that Saudi crews would be prohibited from flying the airplanes solo with no American presence until up in the 1990s?

SECRETARY HAIG: It means that there will be an American presence on the AWACS aircraft, as I've said in my statement, from 1990 and beyond, but definitely between 1985 at the start of the delivery period. It takes two years to make the delivery and complete them. The assessment is -- and this is as the result of joint consultation, a very careful assessment of personnel availability, assets that can be allocated by both sides -- and it comes to the date of 1990.

It doesn't mean that one fellow or another, or one expert and another, wouldn't be able to come here and say, "I can take a Saudi airman, and in 18 months I can make him an expert."

SENATOR : Yes, but if he --

SECRETARY HAIG: It is the policy of those who control the phased training and the policies that will be pursued that will determine that.

SENATOR: But it would be equally ridiculous to say that it would be impossible to train a Saudi crew before 1990, so we would expect some of them to be available in that time period. Now, would they be prohibited from flying solo in their own airplanes, as you see it?

SECRETARY HAIG: If you mean, are they going to be flying them without any Americans on the aircraft?

SENATOR : Yes.

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SECRETARY HAIG: If you mean, are they going to be flying them without any Americans on the aircraft?

SENATOR : Yes.

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SECRETARY HAIG: I would say that up till 1990, that will not be the case. There will be an American on the aircraft.

SENATOR : How about after 1990, would there be Americans on every aircraft --

SECRETARY HAIG: On every aircraft? I think at that point, we will have reached a situation where it may be mixed, but there will be a very heavy American presence on the aircraft.

SENATOR : But would there be a requirement to have at least one American, say, on the aircraft beyond 1990?

SECRETARY HAIG: I don't think that question can be answered with the kind of assurances that you're driving at. I think you can be confident that ten years from now, after a four-year hiatus before the aircraft are delivered and five of years experience with that aircraft, that most reasonable people would accept that we would be able to make whatever decisions are necessary to be sure our vital interests are concerned.

I'm not so sure we are going to try to write the Holy Bible here and that it would make great sense to do that --

SENATOR : I'm just trying to --

SECRETARY HAIG: -- in all realistic aspects of our own aspirations.

SENATOR : I'm asking extremes here intentionally to try and get some feel of where we are, in the middle of this thing, when these written agreements finally get put down, which I hope they do. And incidentally, I would repeat the request I made in the closed session for any of these understandings or agreements that we do have in writing now, that those be submitted to the Committee, and the Chairman asked for that, which I appreciate.

My time is almost up here, so I'll wait until the next round for some of the rest of this, but I would only say one thing: You said a while ago that you felt the same security was not as far as mission accomplishment and security of voice to outer link channels (?), J-tid-tattle(?), all these different channels we have aboard this airplane --

STAFF ASSISTANT: The clock shows 4 more minutes.

SENATOR : Oh, I have four more minutes, all right, good.

The clock is off over here, so they are re-timing this thing. When I go red, I still have four minutes or something.

-- the higher security was not needed in this situation. I can't think of any area in the world where I think it is needed more.

I can't think of any area of the world where I think it is needed more, with all due respect. I grant you that there is a potential for a greater electronic environment in the NATO area, but certainly there is no area of the world that is more critical to the industrial-free world than that Persian Gulf area, and will probably remain that way for the next 10 to 15 years, as I see it. So I think it is not a simpler threat to me; it's one with which we have to take every precaution, and that's the reason I wanted to go with the up-graded, fully-combat people airplane, inter-operable with Saudi forces and ours.

SECRETARY HAIG: Senator, I couldn't be happier with your position on this. The question always is, is one speaking from the standpoint of wanting a Cadillac car because there is only $500 in the bank, and he knows it's not achievable, or does he really mean what he says.

Let me suggest what I'm going to offer for you on that question, which is an important question. I would like to see the Saudis with the greatest capability they can have also; but we're talking about a five-year span before one aircraft is delivered, under which a number of incalculable assessments can, should, and must be made here and in the Executive Branch with respect to this overall project.

We then have another two, three, or five years which are essentially training in character. And I tell you, I will be the first to be up here knocking at your door, should, mysteriously, miracuously I still am around, to tell you it's a very simple job, a matter of hours to plug in these additional boxes because the environment suggests we should do it.

SENATOR : Nobody (overlapping voices).

SECRETARY HAIG: And, you know, I sort of think this baby's got a lot of hanky-panky.

SENATOR : I don't accept the plug-in theory. We've discussed this in great detail before, and I don't accept that because when things start happening, we're talking about minutes back and forth across the gulf -- a little longer from South Yemen, a little longer from Iraq or the Soviets or wherever. But that kind of threat is there, and if you have something coming across that Gulf, as it did last night to Kuwait, then if you were a fighting squadron commander, launching off that carrier and coming up the Gulf, you want the most secure channels for every bit of data and every bit of communication --

SECRETARY HAIG: That's right, Senator, and I can make you a guarantee right here today that as we go down: If we get this very controversial project through, I can assure you there will be a assessment made before deliveries are made as to whether or not your concerns are adequately cared for, and if they are not, there will b a proposal to do precisely that because it is the right thing to do.

What I would hate to have happen is to have an advocate fo the right solution become the albatross that kills the solution, in the first place.

SENATOR : I'm not proposing to become anybody's albatross, but I have very definite security concerns about this thing.

SECRETARY HAIG: No. And you know I share --

SENATOR : You know I've expressed them, and they are very sincere; and I think unless they are met, unless we make some accommodation with this, as I told you before in private and publicly, I think it is doomed to defeat. I think it is that important.

SECRETARY HAIG: Would you defeat an issue because of that?

SENATOR : Yes. I think it is that important.

SECRETARY HAIG: ?? (simultaneous voices)

SENATOR : I think the security of that AWACS airplane is every bit that important for our other world-wide commitments that we don't want to see compromised. That has been the basis of my -- That's been my bottom line right from the word go on those four points.

SECRETARY HAIG: The point I'm making is, what is more important now is to be able to have a successful outcome on a project which is highly contentious, and on which very few of the opponents, opponents,are coming from where you're coming. Your problem is easily solved by responsible people, and that is, to let's get on with it; let's recognize we have four years to make the assessments and the cases you're talking about and a very easy way to solve it.

SENATOR : My time is up, but we don't shoot that kind of crap with NATO.

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SENATOR _____: My time is up, but we don't shoot that kind of crap with NATO. We don't roll the dice like that in NATO. Why would we roll them anywhere else on taking a chance on the security equipment in that airplane. It's under our command, it's joint everything all the way through which we've all been through. But, you know, we're asking the same type security arrangements --

SECRETARY HAIG: Senator, I'd be less than frank with you if I didn't suggest what I'm offering you does not preclude anything that you're saying. It would have to be something else.

SENATOR _____: Well, we can get back into some of that later.

CHAIRMAN PERCY: Thank you very much. To my colleagues I would suggest the following, because the Secretary must leave in 20 minutes. Would you be good enough to confine your questions this round to five minutes? You will precede all other Senators then in questioning Secretary Weinberger and will be recognized ahead of other Senators for the second round with Secretary Haig when he returns then.

SENATOR_____: When is the Secretary returning?

CHAIRMAN PERCY: You can continue questioning at that time, but I think we must adhere to his schedule, and we've delayed also Secretary Weinberger an hour.

SENATOR _____: Do we have an understanding, then, that the Secretary is coming back?

CHAIRMAN PERCY: That is correct.

SENATOR _____: When is that?

CHAIRMAN PERCY: That is correct, and he has agreed to return.

SENATOR _____: When is that? Next week?

CHAIRMAN PERCY: As soon as we have three days more of hearings, and just as quickly as we can. And he will be back, so you will be recognized out of order at that time to complete your questioning in the first round, taking into account the short period today.. Senator Pressler.

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SENATOR PRESSLER: Thank you, Mr. Chairman. Mr. Secretary, I was one of those who had hoped very much that last night it would be decided not to send this package up here. As I have said, I think that it will -- however it comes out, there are going to be heavy losses to U.S. foreign policy. Domestically -- and I come from a state, we have one rabbi in the whole State of South Dakota -- we have two U.S. Senators. So we have more Senators than we have rabbis. I'm certainly not hostage to the Jewish vote.

But the point is that however this comes out, if the AWACS are not given, I think that Mr. Begin is going to be a big loser in the long run in terms of feelings about the so-called Jewish lobby that will spring up. If they are given, Israel will be asking and probably will receive additional military aid to block the system, or something of that sort.

But, in any event, apparently a decision was made last night to bite the bullet on this, and we're now scheduled to vote on October 7.

I guess my first question is, is there any chance that the package will change between now and October 7, or -- then that's in Committee we vote on October 7, then toward the end of the month we'll vote in the full Senate.

If it becomes apparent to you that your position is losing, will you alter the package? I'm one of those who had certain criterion, I said if they were met, I would reconsider my position, but I don't see much change in the package this morning.

But are we really biting the bullet? Is this the package? Are you going to go the route with this? Or if it becomes apparent to you that there aren' the votes there, can we expect a change?

SECRETARY HAIG: Senator, in the first place there has been quite a bit of change expressed to you this morning. I'm sorry that you feel that there hasn't been because it's been rather explicit and rather detailed and very different than what you've heard before now.

So I think maybe when you sit down and restudy it and look at the record, that you'll hopefully share that opinion with me. I would feel somewhat bewildered if that were the case.

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But, secondly, is a question as to whether we're doing something right or something wrong or whether we're up here to bargain or to make assessments of a political nature as to whether you're going to win or lose. And let me tell you, this issue is of such significance that I think the President is going to do what is right, win or lose.

If you in your very responsible way decide not to support it, you'll bear the responsibilities for that vote and be held accountable by your electorate and by the American people and by your own conscience for whether or not it was right and what consequences it did or did not lead to. And nobody has a monopoly on wisdom in making those forecasts. We do put a number of issues together and try to make a hard assessment.

If you're asking me, are we at the end of the line, I would say basically yes. I would say we have dealt with this issue within the limits of a number of conflicting requirements which have been tightly balance over many months, and we're pretty nearly there. But I can't say that with assurance any more than -- I don't know any human that could.

But I will say this: That my personal conviction is this is the right thing to do. It's the least damaging of two damaging alternatives. I agree with your assessment, and I think it's been made by every Senator here. We wouldn't be going through this anguish if it weren't a very, very tough one.

I hope that because of this complexity of this anguishing character, that each of us will address it exclusive of any other concern in the best interests of the American people. And more than that no one can ask.

I think the history books will make some judgments with respect to who was right or who was wrong, and I expect in the political world you're going to be really held accountable in that respect, as you should be. That's what politics is all about, and that's the kind of responsibility that I bear, the President bears.

We're trying to do our best to offer you the very best judgments we can provide on this anguishing question, and I go to sleep at night knowing we've done so, and that's some comfort to me.

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SENATOR PRESSLER: No. I respect that very much, and I wouldn't assume that we're just making a political judgment. I outlined three or four criterion in August that would set the criterion for my AWACS vote, and I'm still not convinced I'm going to keep working on it.

One other area in terms of consequences, if the AWACS sale is turned down, do you expect that our AWACS presently in the area would be asked to leave?

SECRETARY HAIG: I really can't answer that question. I think the basic good will of the Saudi Government and the Saudi people is not an asset that's going to be squandered by one particular event or another. I do think it will have an impact, and it won't be a good one. Power will be felt or measured remains to be seen.

SENATOR PRESSLER: I've been given a note that my time is up. I do have some more questions. Could I submit them for the written record, or what is the best procedure?

CHAIRMAN PERCY: The Secretary will be returning to the Committee, so you can put them to him then.

Senator Sarbanes.

SENATOR SARBANES: Thank you, Mr. Chairman. Mr. Secretary, first let me say I share Senator Pressler's perception that the submission this morning did not represent a significant change from what had previously been discussed on the command and control function question regarding the AWACS. And it's therefore my view to the extent that that is the focus of one concern, it continues to remain a very strong concern. That is not the limit and extent of my own concerns, however. I think there are many other problems involved and that that one alone is not the sole matter that has to be addressed, including the enhancement equipment for the F-15s.

There's been some exchange here this afternoon that has really deepened my concern in that area, because we did have the statement submitted by Secretary Brown at the time of the consideration of the F-15 sale two years ago.

You earlier made the point that the value of these commitments depends on who's making them and what

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they're undertaking. As I understand it, there will not be written undertakings submitted before we have to consider the matter, and your response to Senator Glenn on that was that we would have the assurances of the Executive Branch of the Government, but not much earlier you had referred to Secretary Brown's assurances to this Committee at the time of the F-15 sale as it became a very facile thing to do.

I guess the question is, if that's how you regard Secretary Brown's assurances then, how should we regard your assurances now?

-- MORE --

SECRETARY HAIG: Well, first by getting in the context of my answer the intent of the reply. I think what I was suggesting was that Secretary Brown, a very responsible official, believed, along with the other members of the Exeuctive Branch, that the sale of the F-15s to Saudi Arabia was of great significance and fundamental importance to this country, and that in the process of handling that, it was the will of the Senate that that sale could be facilitated by the provision of the assurances which were required.

Now, there is nothing unusual about that, Senator. I think almost every piece of legislation you deal with involves such things.

As I pointed out a few moments ago, the circumstances which justified that assurance have changed. Now, the Executive Branch, along with the Senate, this Committee, have an obligation to assess whether or not they should continue to be bound by it.

It is the Executive Branch's view that it should not. It was the previous Administration's view that it should not, because fundamental changes had occurred.

So, no, I wouldn't suggest that that means in any way a flippant or even cursory attitude on my part with respect to assurances given up here in this Committee.

SENATOR SARBANES: I understand that circumstances should change. My question is, were Secretary Brown's assurances to us at the time they were made a very facile thing to do, which is how you characterize it.

SECRETARY HAIG: That doesn't mean in the subjective sense you have done it, an easy thing to do, because at that time, it didn't look in any way as though the impending and changing strategic environment would require anything beyond what had been asked for. It was an easy thing to do.

SENATOR SARBANES: In your response to SEnator Glenn, I take it you anticipate adding to the AWACS by the time the sale is made the equipment which is being taken off the AWACS at the moment, is that correct?

SECRETARY HAIG: It won't be put on, as I understand it.

SENATOR SARBANES: That is right, but Senator Glenn was concerned about a fully equipped AWACS, and expressed that concern, and my understanding of your response to him was that by the time we reached that point, circumstances might be such that the equipment that he would like to see on the AWACS would be on it. Is that correct?

SECRETARY HAIG: Or should be -- should be on it, not would be, because that could not happen unless this Committee and the Senate agreed that it should happen.

SENATOR SARBANES: Thank you, Mr. Chairman.

CHAIRMAN PERCY: Senator Cranston.

SENATOR CRANSTON: One of the principal reaors advanced for the sale is that it will ostensibly help insur- Saudi moderation on oil pricing. The same rationale was advanced at the time of the 1978 sale of the F-15s to the SAudis, and yet the price of Saudi crude has risen from $12.00 to $32.00 per barrel over the past three years. So, I would like to ask, what basis is there now for the Administration's argument that continued arms sales to the Saudis produce pricing restraint on their part?

SECRETARY HAIG: I don't think anyone has made that -- at least, I know I have not -- that we are being held in ransom against oil diplomacy that provision of these arms is going to determine the price of Saudi oil. I hope no one gave you that impression, Senator.

SENATOR CRANSTON: No, it hasn't been suggested in the form of any ransom idea, but it certainly has been suggested that we can anticipate that there would be moderation on our pricing.

SECRETARY HAIG: No. The point I was trying to make, and I think it had to do with the exchange I had with Senator Boschwitz, and that is that the Saudi Arabian Government and its policies have been extremely helpful to the United States in a number of areas -- the peace process, assistance to needy and developing countries within the region, with whom we have a great stake in the outcome of their political evolution; oil policies which have been in the totality in recent years rather constructive, both in terms of production levels and in terms of pricing policies. And that to the degree -- failure to act prudently on this sale influences our over-all relationship, it might have

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some relationship on a host of other things.

But the real question was, is the Saudi Government in a constructive posture with respect to the United States? In other words, is it a country to whome we should offer a hand, a helping hand, when they ask? And my answer to that is a profound yes. But I would not want to be quoted, as a result of these hearings, as suggesting that we are selling arms to keep oil prices down.

SENATOR CRANSTON: You have not said that.

Saudi Arabia, in other respects, has, for example, withdrawn its support for Anwar Sadat. Saudi Arabia finances the PLO terrorism rather lavishly. Saudi Arabia regards Israel as its number one enemy.

In view of those facts, how can we really be confident that providing Saudi Arabia with AWACS, Sidewinders, and augmented F-15 capacities, would advance the peace process that was launched at Camp DAvid?

SECRETARY HAIG: We can't be, Senator. All we can be sure of is that the lessons of history are very convincing, and that is that it is in our interest to try and to work to make changes, to change those who are opposed to certain policies which we believe in, to share a common perception of those policies.

Who would have believe three years ago that Anwar Sadat would be sitting down regularly with Prime Minister Begin of Israel, and who would agree to relinguish a Sinai back to President Sadat; that they would be discussing cultural and trade affairs together, jointly?

I don't think we will be well served if we permit historic differences as intractable and insurmountable as they appear to deter us from attempting to ameliorate and improv- the situation.

SENATOR CRANSTON: What isyour understanding of the significance of the Saudi call for "Gehar" or Holy War on Israel?

SECRETARY HAIG: Oh, I don't ever take a statement of that kind lightly? I am appalled by it. But I also recognize, if I kept a tape recorder on every political

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statement made even in our own country sometimes, I would be equally appalled for probably different reasons.

I don't know that at all to be the policy of the Government of Saudi Arabia. I have never heard it espoused by a Saudi official with responsibilities.

SENATOR CRANSTON: Thank you, very much.

CHAIRMAN PERCY: Senator Dodd.

SENATOR DODD: Thank you, Mr. Chairman.

Mr. Secretary, I would -- I certainly respect the questions that have been raised about the technical issues surrounding the sale of AWACS and the A9L missile and in the form of fuel tanks, and certainly the issues of security and scope and command.

However, I would like to address what I consider is a more fundamental concern, and that is the question of our over-all policy in the Middle East, and how this Administration's fundamental policy of strategic consensus, as identified in your own testimony, is either afforded or is contributed to by the decision to move ahead with the AWACS sale and what is included in it.

I happen to believe that the issue is not really a military one and not a technical one but a political one, and that it is the political questions that ought to be addressed more fundamentally, and that the only real solution there, of course, in the region is to achieve a peace and stability within the region, and that that is the best defense against Soviet adventurism, if you will, and that a policy which might be compared to sort of supply-side foreign policy, that if we supply enough people with arms in the area, then we are going to achieve that same result is really a misguided one, with all due respect.

I would like to pursue with you, if I could, what makes this Administration believe, given the historical failures, going back to the BAghdad Pact of the 1950's that was put forward by John Foster Dulles, where a military alliance stretching from Turkey to Iran as a hedge against Soviet intrusion in the area, and the failure of that policy with the overthrow of King Faisal in Iraq, what makes you and this Administration believe that a repetition of the John Foster Dulles policy in the 1980's is going to be any more successful than it was in the 1950's.

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SECRETARY HAIG: Well, first, Senator, I don't think this is a partisan issue and the differences of views and the spectrum of views on the issue both sides of the aisle clearly underline that, and I am not going to make it that. I don't believe it is.

SENATOR DODD: The question wasn't partisan.

SECRETARY HAIG: Because the facts are it wasn't this Administration, it has been two Administrations, of different philosophic bent. I just want to get that out at the outset, before I answer your question.

SENATOR DODD: I hope you didn't think my question was a partisan question.

SECRETARY HAIG: No, no, it just sounded that way. (Laughter)

The point I make is that this isn't a question of discredited policies of the past. You know, we could possibly debate that in relative terms with respect to philosophic approaches as to how to conduct international affairs for hours.

The simple facts are that this Administration, our foreign policy, is structured on some very reasonable theories. One has some economic overtones, and that is probably why the supply-side reference has some pertinency. We believe we have got to get our economic house here at home straightened out, or you can't be effective abroad.

We have had a number of years of examples of that and the consequences of that.

Secondly, we have the Soviet end of it, and that is to try to establish a just and responsible relationship with the Soviets, marked by restraint and reciprocity, and not a continuation of what we have witnessed through two Administrations, from differing parties.

:00pm So it isn't a partisan issue. What I'm talking about is Angola, Afghanistan, Ethiopia, southern Yemen, northern Yemen, Kampuchea -- the enslavement of millions of people by force of arms during a period of American foreign policy where some of the innuendoes of your question were the dominant theme: "Don't get involved. Don't ever have another Viet-Nam. Turn the world over to whatever. Let them stew in their own juice and they'll soon strangle themselves, as we did in Viet-Nam."

Well, there's some truth to that theory. It's not devoid of good sense. The only problem is it doesn't hold up historically. It doesn't hold up because nations who are emerging in the Middle East and elsewhere who are uncertain of their future or threatened by Soviet imperialism -- and I use that word without a reservation -- will ask themselves: "If the United States isn't willing to help, it's best I adjust my policies to the inevitable."

Now, that's not in your interest or mine or in the interests of international peace.

SENATOR DODD: Well, let me ask you this: Do you think it's possible -- do you hold out the hope that it's possible to build an alliance in the Middle East joining the respective nations of that region together, to have them put aside what our very ancient and deep complex rivalries and have that relationship -- that joint relationship -- develop around the fear of Soviet aggression, or potential Soviet aggression, in the Middle East and to fail to put aside those other differences that exist?

SECRETARY HAIG: No.

SENATOR DODD: And that ought to be the major thrust.

SECRETARY HAIG: That's an important question and I welcome the opportunity to answer it because it really suggests a serious distortion, which may be due to my own inarticulousness or mischief of what our policy is.

We're not seeking to create a strategic consensus. We are seeking to recognize that one exists and to use its reality to achieve greater peace and stability in the area and to reinforce a peace process.

Now, how can I tell you that I know it exists? Well, I can't tell you. I don't have a written agreement. I've been around to the various capitals in the area. I've talked to the leaders -- from Sadat to the Crown Prince -- and even His Majesty in Riyadh, the King of Jordan; Prime Minister Begin.

All of these leaders are very concerned about Soviet-inspired activity in their region and the threat it poses to them.

I didn't create that concern; Soviet action created that concern.

Now, how do I know that it exists? Because of the Lebanon crisis, an unprecedented initiative taken by an American President who sent a representative to deal with Arab leaders -- was able, within the sponsorship of the Arab League, Saudi Arabian diplomacy and resources -- to get an unholy group that ran from Syria, on the one hand, to the Legancn Government to Kuwait, to Saudi Arabia, and sit down and work to get stability in Lebanon.

That same consensus, which stood the shock of the raid on the Iraqui reactor and the escalation of fighting along the northern border Israel -- and, again, reacted constructively to achieve a cease-fire as fragile as that cease-fire is today.

We're not talking about a Made in America conception of how the world should be run. We're talking about a visionary recognition of dynamics in international affairs and a need to adjust our policies to them in such a way that we enhance their good points and, hopefully, seek to retard them -- the dangerous ones -- and, above all, to work for peace and stability.

That's our objective in the so-called "strategic consensus."

SENATOR DODD: Well, I look forward to your return so that we can pursue this a little bit further, but I appreciate your appearance.

CHAIRMAN PERCY: Thank you very much, indeed. Secretary Haig, we thank you very much, indeed; and I, for one, would like to indicatethat I feel that the delay in sending this package up has been well warranted because the Administration has been responsive to a number of the questions that have been raised by members of the Senate and your testimony -- both in closed session and in open session -- this afternoon. That has been extraordinarily helpful.

In order to facilitate and for security purposes, I will ask all people in the audience to remain in their seats except those who are accompanying the Secretary.

The Secretary of Defense and the Chairman of the Joint Chiefs of Staff will be brought right into the room now, and we would ask everyone to remain in their seat until

such time as the transition has been completed.

(3:07 p.m.)